

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

October 21, 2003

IN RE:

**APPLICATION OF RBS GAS UTILITY, INC. TO
TRANSFER OWNERSHIP AND CONTROL**

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**DOCKET NO.
03-00428**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Deborah Taylor Tate, Director Sara Kyle, and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on September 8, 2003 for consideration of the *Application to Transfer Ownership and Control* (the "*Application*") filed by RBS Gas Utility, Inc. ("RBS"), requiring TRA approval under Tenn. Code Ann. § 65-4-113(a) & (b) to transfer the authority to provide utility services.

Tenn. Code Ann. § 65-4-113

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain TRA approval to transfer its authority to provide utility services (also known as a "certificate of public convenience and necessity" or "CCN"). Tenn. Code Ann. § 65-4-113(a) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

The *Application*, which was filed on July 2, 2003, outlines a transaction which resulted in a change in ownership of RBS from W.E. and Dianne Hathorn to Edward R. Ayers.¹ The transaction was completed on December 26, 2002, and the Parties are now seeking TRA approval of the transfer of RBS's CCN to provide utility services, granted by the Tennessee Public Service Commission.

RBS provides natural gas to approximately 215 customers in Macon County, Tennessee. Following the transaction, these customers continue to receive service from RBS under the same terms, rates, and conditions of service, and the day-to-day operations of RBS continue to be performed by the same personnel. To provide the experience necessary for the operation of a public utility, RBS has retained the services of a certified public accountant and a civil engineer and will consult with Mr. Hathorn on an as-needed basis.

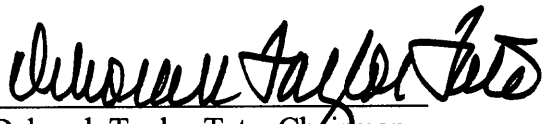
¹ Apparently, at the time the transaction was completed, none of the Parties were aware that TRA approval was required.

The September 8, 2003 Authority Conference


At the September 8, 2003 Authority Conference, the Directors voted unanimously to approve RBS's *Application*, while encouraging the Company's future compliance with the TRA's rules and regulations.

IT IS THEREFORE ORDERED THAT:

The transfer of RBS's CCN as described in the *Application* and discussed herein is approved.


Deborah Taylor Tate, Chairman


Sara Kyle, Director


Ron Jones, Director